

The University of Chicago

THE BRITISH LABOR MOVEMENT
IN EUROPEAN POLITICS
1933-39

A PART OF A DISSERTATION SUBMITTED TO
THE FACULTY OF THE DIVISION OF THE
SOCIAL SCIENCES IN CANDIDACY FOR THE
DEGREE OF DOCTOR OF PHILOSOPHY

INTERNATIONAL RELATIONS

JUNE, 1945

By

JOSEPH RANDALL BURCHARD, Jr.

CHICAGO, ILLINOIS

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INTRODUCTION

Some have described the conflagration that now envelops the earth as the windup of a second Thirty Years War. It did begin in 1914 as an attempt by Germany and her allies to redivide the world; and the present phase is another effort by Germany, this time with different allies, toward that same objective. The year 1944 or thereabouts will no doubt see the end of Germany's second unsuccessful attempt to challenge Anglo-American world supremacy; but whether thirty years will span this era of war--will Germany be able to try again or will other nations take to arms to secure a greater share of the world's markets and resources?--is another question. In these pages we deal with the seven years (1933-39) of European diplomatic history that preceded the outbreak of the second phase of this world struggle. As regards the documents, Professor Frederick L. Schuman, in his two books,¹ has thoroughly and ably examined all that are now available. We shall be concerned more with opinion, especially that of the British Labor Movement, than with documents, though in these pages we do examine in detail the documents published by the British Government. In our opinion British foreign policy was the determining factor in European Politics, 1933-39; and that policy itself was determined by the desires and fears of the British ruling class, who were in control of the Government from 1931, as conditioned by the opposition of the Labor Movement and, to a considerably lesser extent, by the opposition of the Liberal Party. To find these ingredients that have gone into British foreign policy we consulted, in addition to Hansard's Parliamentary Debates (in which can be found the views of spokesmen of all the British parties), the Government documents and the Conservative journals, primarily The Times, for the opinions of the ruling classes, and The Manchester Guardian for the Liberal views. For the opinions and decisions of the Labor Movement, we have examined in detail, in addition to speeches by Labor spokesmen in Parliament and in the country, the official re-

¹Europe on the Eve (New York: Alfred A. Knopf, 1939) and Night Over Europe (New York: Alfred A. Knopf, 1941).

ports of the Labor Party Conferences and of the Trades Union Congresses and the opinions expressed by the editorial writers and diplomatic correspondents of the Daily Herald, the official organ of the British Labor Movement.

During this period we cannot speak of the foreign policy of the British Labor Movement, for properly speaking only governments pursue foreign policies. We shall interest ourselves, therefore, primarily in the reactions of British Labor to the course of European politics, which becomes in effect its reaction to the course of the foreign policies of Great Britain and Germany.

That the objective of the foreign policy of German Fascism was to further the Nazi designs for the domination of Eurasia, is a fact that now cannot be doubted. Those who had read Mein Kampf and saw that German capitalism had to break out of the Versailles strait jacket or collapse, realized such was the Nazi objective when Hitler came to power in January, 1933. It is not that Hitler was the errand boy for the German capitalists, but that German capitalism had created a situation in which Hitlerism was the only alternative to its collapse and probable supersession by a Socialist economy. As in all basic German industry, in the iron and steel industry, which is the backbone of the German economy, there was a degree of concentration unknown in Britain or the United States. For example, one corporation, the Steel Trust (which did not include Krupp and others), from its founding in 1925 produced more steel than the entire British steel industry. Moreover, the Trust owned or controlled land, banks, coal mines, railroads, and steamship companies. In fact, in the spring of 1932, when the Trust was on the verge of bankruptcy, the Brüning Government stepped in and bought up the majority of its shares in order to prevent the collapse of that vast network of holdings and perhaps the collapse of the whole German economy.

The Fascist objective--to conquer more Lebensraum in order to conquer more Lebensraum--promised to satisfy the hunger of the Ruhr industrialists for the markets that they had once sent the Kaiser to find. The predatory nature of German capitalism--evident in the inflation which was designed primarily to liquidate its debts and which wiped out small holdings and savings--and the unsteadiness of German capitalism after 1931 created economic distress among the middle and lower classes. The humiliation of the Versailles settlement disturbed the equanimity of the ardent na-

tionalists and militarists. Hitler capitalized upon the desires of primarily these three groups and arrived in power with his desire to dominate Eurasia, or, in the terms of the Geopolitikers, the domination of the "Heartland," or the "World Island," which in their opinion spelt world dominion.

The success or failure of the Nazi design in its preparatory or diplomatic phase was dependent upon British foreign policy. In the first years of Hitler, when the Quai d'Orsay was under Barthou, France was capable of independent action in foreign policy. Fear of disturbing the social and economic structure of Europe led Barthou's successors to abandon his strong nationalist policy. As Germany armed and grew stronger, France, with her smaller population and industry, required Britain and/or the Soviet Union as an ally. For the same reason that Barthou's strong nationalist policy was discontinued, the U.S.S.R. was not chosen as an ally. The Soviet Union itself advocated a policy of collective security to frustrate the Nazi design. Its success obviously required the co-operation of the Western Powers. But Britain, and therefore France, did not co-operate; and Naziism managed to spread itself over the continent of Europe.

Why Britain did not co-operate in a policy of collective security to stop Fascist aggression has been answered in perhaps two different ways. Most popular is the view that Chamberlain and his colleagues, rather tired old men all, were duped by Hitler and his Italian associate. This view appears to be the belief of most Englishmen of whatever shade of political opinion--except the extreme left wing. A more plausible explanation is that Chamberlain and his colleagues, while old, were neither tired nor duped. Rather, Chamberlain was not averse to letting Hitler attempt to dominate Eurasia. In the first place, a rearmed Germany was security against incursion of Communism into Western Europe; moreover, Hitler's aspirations could only be realized by the destruction of the Bolshevik State. Secondly, war with Germany could only weaken, not strengthen, the Empire; moreover, the aftermath of such a war would, if not destroy, certainly weaken the control of Europe's propertied classes. In an Anglo-French alliance with probable American material aid in the background Chamberlain saw security against a Nazi blow in the West. In addition there was the happy possibility that Nazi Germany and Communist Russia would exhaust themselves in the struggle for the "Heartland," and Europe could

be again run in the interests of British Imperialism. There was the possibility that Hitler would strike in the West, especially was it true that Hitler's Italian and Japanese partners might find the British and French Empires easier and juicier prey than the Soviet Union. The risks of appeasement were indeed great, but the reward for success far greater. Appeasement, Chamberlain reasoned, would maintain both the class and imperial position of Tory Britain. Collective security, he further reasoned, could only strengthen democracy in Europe and increase the prestige and influence of the Communist State; moreover, collective security rigidly enforced would have brought the Fascist Powers to their knees and the prospect of social revolution to Europe.

The factor which makes more difficult an accurate conception of the intention of British foreign policy, is that its support of reaction was passive. An active program of reaction requires the prior repression of all possible oppositional groups and means of expression--as of course in Fascist Italy and Nazi Germany. Tory Britain was nominally a parliamentary democracy, and overt acts in support of reaction would have endangered Tory rule. The rulers of Britain were careful in their support of Fascist objectives never to do anything that could not also be explained as being animated by less ignoble motives. This end was best achieved by a policy of doing nothing. Only when the Tory rulers departed from this formula--as they did in the Hoare-Laval deal--did they have to ride the waves of an outraged public opinion. Nonintervention, on the other hand, a classic representation of a do-nothing policy, aroused no serious opposition. However, the impossibility of Britain's committing herself to a policy of reaction limited Hitler's use of the Tory rulers as allies and probably precipitated the "diplomatic revolution" of August, 1939, and Hitler's decision to strike in the West.

Briefly we have intimated what in our opinion were the salient characteristics of the foreign policies of Britain and Germany. The purpose of this book is primarily to answer the question: What were the reactions of the British Labor Movement to these policies as they developed? For more than three years after the establishment of Nazi regime, British Labor leadership maintained that all Hitler wanted was equality for the German people; and after the Spanish Civil War, when his motives did become suspect, they hoped that Hitler would listen to "reason." Even less clearly

in focus did British Labor have Neville Chamberlain. Never did they tire from the insistence that the British Government was composed of tired and irresolute old men who were continually being outmaneuvered and fooled by the Dictators. Never did they assume that the British Government's apparent lack of determination in dealing with the Dictators was due to its fundamental agreement with the Fascist aims as it conceived them. As British Labor did not understand the Government's policy vis-à-vis Nazi Germany, it was quite ineffectual in its opposition to that policy.

In an article entitled "What Is Wrong with the Labour Party," the parliamentary correspondent of the moderately conservative Spectator, referring to the feeble opposition of the Labor M.P.'s, stated that in the pre-1914 days the collapse of sanctions against Italy would have seen the government harried night and day; a by-election would have struck terror into the hearts of the Ministers. He spoke of the domination of the Party by the trade unionists who knew nothing outside their own industry and who claimed the safe parliamentary seats for themselves. On none of the great questions of the day, he concluded, had the Party made up its mind in which direction it desired to lead: "Their inconsistency is almost incredible."² Emanuel Shinwell, Labor M.P., best known in America for his opposition to the Churchill Government, stated in 1932 that "the Labour Movement is as variable as the weather. Before the last election nine-tenths of us, including members of the late government, endorsed the reform policy of the MacDonald Cabinet, defending it against all comers. Now we profess nothing but contempt for it."³

Viscount Snowden, who left the Labor Party with MacDonald in 1931, remarked in 1936 that "it is indeed a strange phenomenon that at a time when the government is admittedly discredited the party which could form the only possible alternative Government appears to be equally distrusted by the electorate." From his own experience Lord Snowden asserted that the difficulty lay in the domination of the Labor Party by the trade unionists, who are not necessarily Socialists and who attempt to use the Party for their own ends. The "appalling ignorance" of Labor candidates and lack of inspired leadership, Lord Snowden was convinced, were more re-

²Issue of July 10, 1936.

³From the Clarion, September 17, 1932.

sponsible for the Party's failure than any other causes.⁴ Ramsay MacDonald himself complained that the thoughts of the British people had been diverted from the historical task of building Socialism by the Labor Party leadership, which had adopted Popularism for its votes. It had ceased to work at the problem of how Socialism is to come and had become a party which divided politics on Poor Law issues. "Under the pressure of partisan necessity," he stated, "its leaders forfeited the proud position of the British Socialist Movement as the practical application of Socialist doctrine and have led it on to a ground which is sort of no man's land between dictatorship and Poor Law doles."⁵

Political opportunism, implied by MacDonald--though he was himself perhaps its consummate expression--answers concisely the question, "What is wrong with the Labor Party?" But why, the question arises, should opportunism rather than a solid basis of social philosophy tempered by experience, determine the political decisions of the British Labor Movement? The left-wing critics most often place the blame upon the leaders of British Labor. In a highly charged atmosphere the latter are described as "traitors" to the working class. Upon calmer reflection these left-wing critics blame not the insincerity of the leaders but their lack of faith in the working class and an almost superstitious awe of the power of the capitalist class. This is not a completely convincing proposition. The British Labor Movement is a democratic movement; and though control of the party machine and press may enable the leaders to sugar-coat policies otherwise unpalatable to the rank and file in specific instances (as did happen during the Spanish Civil War), in the long run and especially as regards fundamental aims the majority of the rank and file and the leaders are in agreement. In a word, whatever is "wrong" with the leaders of British Labor is likewise "wrong" with the rank and file.

Because industrial and financial capitalism had their origins in Britain, Britain gained over the other world powers a certain monopoly or privileged position in the commodity and financial markets of the world. The benefits of this privileged position--

⁴"What Is Wrong with the Labour Party," The Spectator, July 17, 1936.

⁵From the Preface of Towards a National Policy (New York: Longmans, Green and Co., 1935) pp. xii-xiii.

what we might term super-profits--were to some degree shared by the British working class. That is to say, the super-profits enabled the capitalist and the rentier to deal with the demands of organized British Labor by concessions--a more expeditious device than by repression or restriction. In a word the British working class, or at least certain sections of it, had a stake in British capitalism and did enjoy a higher standard of living than the workers of other countries. This fact provides the basis of Fabian or British Socialism.⁶ In the first chapter we deal in some detail with the basic beliefs of Fabianism, but we might say here that before the first World War the British Socialists took it for granted that capitalism would go on expanding, yielding super-profits, which, taxed, would provide the basis for a long series of social reforms. The war and its aftermath shattered that illusion. Britain had fought Germany to preserve her industrial and financial monopoly; however, after the war, the superior resources and productive power of the United States made itself felt in the world markets together with the industrialization of the lesser countries of the world, including the colonial areas, made serious inroads on Britain's monopoly position. As was said, the war and its aftermath shattered the Fabian illusion, which was the basis of British Socialism, of an ever expanding capitalist economy; however, the basis of British Socialism was not relaid after the war. Political opportunism replaced the Fabian illusion. Transport House (the headquarters of the British Labor Movement) would announce on one day that Labor should aid in patching up the capitalist system and on the next day that Labor should work for its abolition in the shortest possible time.

Labor's political opportunism during the twenty years between the wars is traceable to the fact that, while Britain's privileged position in the world's markets had been seriously undermined, it had not been destroyed. Labor realized perhaps uncon-

⁶Imperialism affected the working classes of western Europe generally in a similar manner. Qualitatively speaking, what was Fabianism in Britain was social democracy on the continent. The compromising effect that the fruits of Imperialism had upon the Socialist Movement in western Europe provides us with one reason why the revolution occurred first in industrially backward Russia rather than in highly industrialized western Europe as Marx had predicted. Another reason is that Lenin saw and utilized the fact that Russian conditions were such that simultaneously the peasants were ripe for revolt against feudalism and the workers against a

sciously, that while British capitalism was not in its expanding phase, the British workingman was relatively better off than the European worker. In a word, the leaders of the British Labor felt that it still had something of a stake in British capitalism. The opportunism was inspired by the desire on the part of the leadership to corral the workers unconvinced of any identity of interest with British capitalism and at the same time to avoid making a clean break with British capitalism. The last fruits of Britain's once pre-eminent world economic position is her income from overseas investment. As is well known, this income enables Britain to import a greater sum of goods than she exports--it is vital to Britain's relatively high standard of living. Before the war there were indications that even here Britain's position might soon become tenuous. Should this war or its aftermath have a seriously disturbing effect upon Britain's overseas investments, British Labor would find itself with no concessions and on a living standard comparable with the workers of other countries. Under such circumstances British Labor can be expected to take a sharp swing to the left.

We began this tangent by asking what was wrong with the British Labor Movement, 1933-39. In a word, the belief, however unconscious or however rationalized, that it had a stake in British capitalism, did exist. For a socialist movement this circumstance has a debilitating effect, for the movement often finds itself leaning over backwards to show the capitalist rulers that they really have nothing to fear from the socialist opposition. It is not too much to say that the feeble Labor Opposition against the National Government was due to this fact, and, further, that a capitalist opposition party would have been considerably more vigorous and unrelenting in its opposition.

In the events of the twenty years between the wars, in the foreign policies of Tory Britain and Nazi Germany, British Labor saw no distinct movement of history. They failed to see in chronic unemployment, in economic nationalism, in Neville Chamberlain himself the decline of a social system based on private property.⁷

capitalism which, unable to meet the demands of modern warfare, had collapsed with the collapse of the Tsarist armies.

⁷By decline of the capitalist system we mean the progressive strangulation of the free market, a condition more evident in

In Fascism British Labor did not see an attempt by violence to arrest the economic decline of capitalism, thus saving the class structure of the capitalist society. The free market, having lost its omnipotence, yielded to force as the stimulus and arbiter of capitalism. By internal armed violence, that is, by smashing the political and industrial organizations of the working class, Fascism was able to restore the rate of profit at the cost of the working-class standard of living. By preparation for armed violence outside its borders and by the loot of aggression, Fascism was able to keep turning the wheels of heavy industry, which under competitive capitalism would have been rusting. Rather than accept, however democratically, basic economic changes of such a nature that would have endangered their class position, the ruling class of Europe--in Italy, Germany, Austria, Spain--turned to Fascism.

The decline of capitalism in Britain did not proceed to the point that in other European countries caused the ruling class to turn to the aggressive internal policy of Fascism. As was earlier intimated, the British economy, because it was based upon foreign trade and overseas investments, posed a flexibility not enjoyed by the capitalist economies of the continent. The more authoritarian-minded of the British Tories did desire a more vigorous domestic and foreign policy. However, the majority of the ruling class, interested only in retaining what they possessed, feared that positive action would alter their situation for the worse.

Europe than in America and more evident on the continent than in Britain. Strangulation of the free market was caused by interferences imposed by various pressure groups upon the operation of the familiar supply-and-demand relationships. The most serious of these restrictions are those placed upon international trade, the rigidities in wage rates and fixed costs, and administrative pricing. All except the rigidity of wage rates, which is a product of trade unionism, result from the growth of monopoly. What characterizes capitalism today from that of, say, eighty years ago, is that these restrictions upon the free market have made it increasingly difficult for the capitalist system to recover from the periodic crises which appear to be an inherent part of the system. We shall have something to say about the genesis of these periodic crises in chapter 1.

Around this problem of rigidities, pivot the various proposals of the capitalist economists for the regeneration of the system. The Chicago School would attack the rigidities directly, others, such as the New Deal or the Keynes group, believing the breaking of the rigidities as politically or economically impossible, would circumvent them by a program of public investment.

The negative policies of the Baldwin era were designed to allay that fear. The ruling class chose Chamberlain as Baldwin's successor to bargain with the Fascist Powers and to enlist their aid in order to save civilization "as they knew it."

In refusing to recognize the moribund nature of European capitalism--and consequently failing to comprehend the Tory and Nazi foreign policies which basically were reflections of economic necessity--perhaps British Labor was employing a defense mechanism. Perhaps it realized that an intelligent and vigorous opposition to the Baldwin-Chamberlain Governments would provide the more authoritarian-minded of the Tories, such as the late Lord Lloyd, with the pretext to push measures restrictive to Labor through the Parliament. It had happened in 1927 following the abortive General Strike; and the spread of Fascism on the continent provided British Labor with further evidences of what could happen to labor movements that had lost their usefulness to the ruling class. No doubt this factor played an important role in conditioning British Labor's decisions. More decisive, however, was the theory of British Socialism itself. Its cardinal tenet--the organic unity of society or the denial of class consciousness--precluded any judgment that Chamberlain's pro-Fascist foreign policy was inspired by class bias. Because the social philosophy of British Socialism did circumscribe the political decisions of British Labor, we do preface the study of European politics with two chapters on the theory and practice of British Socialism. On occasions a Labor M.P. hinted that the Government's foreign policy had a pro-Fascist orientation. However, such intimations from an authorized Labor spokesman hardly reached beyond the walls of Parliament; and the Labor press not once from the rise of Hitler to the outbreak of the war made such an accusation.

In view of Chamberlain's tacit approval of Fascist aggression, what strategy should the Labor Party have adopted? Intimations of formidable action, such as a general strike, might well have precipitated civil strife in Britain. It is by no means certain that Labor could have won such a contest of force or threat of force. In any event, internal conflict in Britain in the years after Germany had regained her military might, would have given the Axis a free hand anywhere on the continent--if not against the Empire itself. On the other hand, a propaganda campaign from the Labor press and platform for collective resistance against aggres-

sion was neutralized by the reactionary press, which disguised as a policy of peace, British isolation and a free hand for Germany in the East.

The only way to make a propaganda campaign effective is to isolate the opponent in order to expose his intent. In the Popular Front campaign the Labor Party had the instrument to isolate the reactionary elements. The vast majority of the British people were anti-Fascist; however, this vast majority was not Socialist--a fact attributable to the relative stability of Britain's economic structure and to the ineffectualness of Labor's appeal. That fact, of course, meant that any program that united this anti-Fascist sentiment to turn the Chamberlain Government out of office would have to be a program of limited social reform. Such was the program suggested by Sir Stafford Cripps. Its objectives, in the absence of the ability of any of the parties of the Left to return a majority of seats to Parliament, was to insure sufficient votes at the next General Election to defeat the National Government. The war interceded before that election could be scheduled; however, had the Popular Front been formed, pressure exerted by it might have forced Chamberlain into an earlier election. There was still a further function that the Popular Front might have performed.

As we have indicated, Transport House feared above all things a campaign by the reactionary press to whip up an anti-Labor sentiment among the middle classes. On several occasions during the 'twenties the Tory press had linked British Labor with Moscow, and the former did not desire again to provoke the reactionaries by vigorous opposition. A Popular Front campaign would have had the effect of immunizing a sizeable section of the middle class from such anti-Labor propaganda. Being united with Labor on that limited program of social reform, they would have been in a better position to understand the motives of that small minority that were more concerned with property than democracy and national security. In a word, this group would have been isolated and its effectiveness impaired; and the Labor leadership would have been in a position to vigorously challenge the Government's foreign policy without fear of a successful Tory countermove or counterattack.

The Labor Party rejected the Popular Front tactic; in fact Sir Stafford Cripps and some other advocates of the Popular Front were expelled from the Party for their persistence. The Labor Party maintained that it rejected the Popular Front tactic because

the program was not Socialist--a curious reason, considering that during the preceding years Transport House had expended a great deal of effort in convincing the rank and file of the rectitude of a policy designed to patch up capitalism. About the Popular Front we shall have more to say later on, but in passing we might point out that definite Socialist possibilities were bound up in the Popular Front tactic. Collective resistance among Britain, France, and Russia against Fascist aggression would have either forestalled that aggression or defeated the aggressor once launched. As aggression was the lifeblood of Fascism, either eventuality would have brought its collapse; and from its ruins it is not improbable that Socialism would have arisen.

The Liberal Party advocated the Popular Front for its collective security but definitely not for any possible Socialist implications. The Liberals agree that the capitalist system is sorely stricken but not that it suffers from a disease for which there is no cure but death. However, the Liberal prescription for the resuscitation has not been convincing; in any event, the Liberals managed to convince less and less of the electorate at each election. A few moments with the tenets of twentieth-century Liberalism may be well spent, for the decline of the Liberal Party may present a political expression of the decline of capitalism.

"When I was a young man, we fought passionately for the things we believed in," stated that indefatigable Liberal, David Lloyd George, in an interview. "Even over the cause of 'foreigners' in Bulgaria the House was like a boiling cauldron because there was then a dawning consciousness of the brotherhood of man. The spirit of humanity was in the air. . . . I certainly cannot understand the tranquility of this Parliament," he added, frowning and shaking his head. "I cannot understand it at all. Hundreds of thousands of simple working men are fighting for democracy in Teruel [Spain], sacrificing their bodies and their lives for human liberty. Are we not concerned about that? Does it signify nothing to us in the very home of democracy?"⁸

The "dawning consciousness of the brotherhood of man" was the consummation of Liberalism--Lloyd George's Budget of 1909, for example, may be taken as the peak of Liberal achievement. Since the days of Lloyd George's young manhood, the "dawning conscious-

⁸From the News Chronicle, January 12, 1938.

ness" that was Liberalism has traveled its course across the political firmament from the East and has set in the West. Or, to confuse the metaphor: After reaching the summit with the Budget of 1909, Liberalism has been slowly descending the political Himalayas. Liberalism is a humanitarian adjunct of an expanding capitalist economy. Within the aegis of the capitalist system it is an attempt to secure an equitable distribution of the world's goods by free trade and a more equitable distribution of the national income by taxing profits and idle recipients of wealth. Just as Liberalism burst into bloom Britain began to experience serious competition in the export of goods and capital that had created the super-profits and the rentier. Britain's loss of markets during World War I, which was largely responsible for her chronic postwar unemployment, was further aggravated during the war and after by an increase of the world's productive facilities, the products of which the world's markets appeared unable to absorb. Industrialists scrambled to cut costs and secure their home markets. Economic nationalism resulted.

The principles of free trade and social reform could no longer sustain a major political party. The question at issue had become no less than the existence of the capitalist system itself. Many Liberals came to believe that only by joining with the Tories could the system of private enterprise be preserved. As far back as the end of the last century workingmen began to look outside the capitalist system for their salvation and formed their own political parties. In 1910 and 1911 a large section of the working class failed to respond to the Liberal appeals as formerly and cast their lot with Labor.

The steady decline of the next two decades was climaxed during the crisis of 1931. At the ensuing General Election seventy-two Liberals were returned--sixty-eight of whom, calling themselves "National" Liberals, under the leadership of Sir John (now Lord) Simon, joined with Stanley Baldwin and Ramsay MacDonald to form the National Government and save British capitalism. Only Lloyd George and three members of his family remained true to the Liberal tradition.

At a luncheon at which the three heads of the hydra that was the National Government--National Liberal, National Labor, and Conservative--pledged closer co-operation, Sir John Simon said that the old controversies that divided the parties were dead because

each party had made its contribution to what was now a common national pattern. He continued:

I was brought up in the strictest school of Liberalism and I can claim that the contribution of Liberalism in the last generation was immense and beneficent.

We fought for the extension of the franchise, for complete religious liberty, for the extension of self-government in the Empire, for bringing the resources of the State to the help of those who needed help most.

Now I speak in the presence of Mr. Baldwin and I say with the greatest confidence that these things which we gained in the face of criticism and opposition have become part of the established fabric of British policy and belong just as much to Conservatism as to any other British political creed.

Turning to Ramsay MacDonald, then Prime Minister, he said: "I am old enough to remember a saying of Sir William Harcourt's, 'We are all Socialists now,' and so we are. But controversies are dead. Let the dead bury the dead. There is a great work to be done, but it can only be done if we work together."⁹ The nature of the great work to be done Sir John did not indicate. However, two years later at Manchester, on the eve of the General Election, he maintained that Baldwin was the real Liberal leader and exhorted the Liberals to surrender their principles and what was left of their party for the sake of fighting Socialism under the Tory Banner.¹⁰ Quite lucidly and beyond any question of equivocation, Sir John has expressed the hopes and fears of a sizeable proportion of Liberals, who in the era before 1914 turned the House into a "boiling cauldron" in their struggle for human betterment, but who were sobered in the post-Versailles years by the discernment of the potential threat to property rights of organized Labor in politics.

In September, 1932, the Liberal leader, Sir Herbert Samuel, opposed the Ottawa preferential tariffs and resigned from the government. A year later, in November, 1933, Sir Herbert and his followers grew restive under the National whip and crossed the floor to the Opposition. A campaign was begun to revitalize Liberalism, and Sir Herbert made a series of lectures throughout the country to drive home to the populace revitalized Liberalism. "The Liberal industrial policy is based neither on laissez-faire nor on Socialism," he explained at Birmingham. "It includes a wide series of practical measures intended on the one hand to maintain private enterprise, on the other hand to purge the system of the many evils

⁹Quoted in the Daily Herald, November 7, 1933.

¹⁰From the Manchester Guardian Weekly, November 8, 1935.

which discredit its workings and endanger its stability." As "the evils that attach to our present system," Sir Herbert recounted the contrast between vast fortunes by lucky speculation and poverty through a lifetime of steady labor, the immense authority wielded by capital and the subordinate status of even organized labor, and the wrong balance between finance and production. Until they were rid of these evils he did not believe there could be prosperity.

As a positive program he advocated that the channels of international trade be cleared; public works, which would have the same effect of freeing purchasing power as if carried out by private enterprise--housing, roads, drainage, rural electrification, harbor and dock improvements; the lessening of taxation and a balanced budget; and the taxation of land values but not of company reserves. The State could aid industry by strengthening trade associations, bringing into membership all engaged in that industry, and giving them constitutions and powers to act for each trade as a whole. As monopolies could not be checked, he suggested three ways to deal with them: (1) They could be brought under State or municipal ownership, as water, telephone, and tramways; (2) transferred to authorities, as the British Broadcasting Company; or (3) subjected to control where private management was necessary because of competition in foreign markets or because of financial risk. The workingman "should be accorded the position of a colleague in a joint enterprise." In every organized industry there should be an industrial council, representing employees and employed, to determine a minimum wage and working conditions. In addition, there should be an element of profit sharing. As for the coal-mining industry, Sir Herbert advocated reorganization and State acquisition of the mining royalties. The British financial system, he asserted, was the best in the world; but the relations between the Bank of England and the Government needed "a fresh review" in the light of present-day conditions. Placing the commercial banking system under political management, he maintained, would "in our view lead to disaster." As regards education, all children should receive an equal opportunity. The gaps in the regulation of workers' hours should be filled; and regular annual holidays, which was the custom in some industries, should be for all. Finally, he urged a system of proportional representation

at the general elections.¹¹ A resolution of the Liberal Party stated that "some degree of regulation" by the State was necessary to prevent injustice, but that did not need to destroy free enterprise, and the controls of the present Government no less than the projects of Socialism would destroy the mainspring of progress.¹²

However, the overemphasis upon the rights of property and the underemphasis upon economic equality in this Liberal attempt to balance the aspirations of the Right and Left failed to attract adherents: and at the Election in November, 1935, the Liberals returned only twenty-one seats, which marks the lowest point of the Liberal decline--even the leader of the party, Sir Herbert Samuel, was defeated.

Reorganization of the Liberal Party followed; for, as the Manchester Guardian pointed out, unless there was a change and a revival, Liberalism as an independent political force was through. This was perhaps the last opportunity: the Liberal Party could not survive another General Election like the last.¹³ The most important of the constitutional changes was to give more voice to individual members in the national organization. In May, 1938, the Party adopted a program of policy entitled "Ownership for All." It described as "gross and shocking" the maldistribution of wealth and property in Britain. For a fairer distribution it advocated death duties graduated according to the size of the individual bequest rather than to the size of the estate and the end of artificial monopolies. The latter had been created by the National Government's tariff policy in iron and steel; by direct Government encouragement of centralized control in coal mining, shipbuilding, chemicals, herring fish, and tramp shipping; and by statutory price fixing and restrictions on entry in agriculture. "The fact is that under this regime, a Government-engineered monopoly, Britain is fast approaching a corporative State, and unless the nation turns to the Liberal party the only alternative will be complete State Socialism." The policy of the Tory Government was described as a "capital-collectivism." It declared itself against the recent growth of concealed taxation and for cheaper prices for foodstuffs. There was little that would appeal to the workingman except the latter; most concern was displayed for the small-business man.

¹¹Ibid., February 9, 23, and March 9, 1934.

¹²Ibid., March 30, 1934.

¹³Issue of June 19, 1936.

"Pride of proprietorship is a good thing, and where a man owns his own business he is more independent and has a greater interest in its success than when his firm is swallowed up in a combine or when he is employed as a manager by some large concern." The statement of Liberalism concludes:

The real issue in the conflicts which rend the world today is simple. Is the individual citizen to be regarded as a person or is he to be treated as a dot on a chart, a number in a regiment, a cog in a machine? On the one side stand the various collectivist or quasi-collective system--Fascism, Communism, Socialism, "Planned" Capitalism. On the other side stands Liberalism. The State, it proclaims exists for the individual, not the individual for the State. Personality is the supreme value. Property is an extension of personality--a bulward of freedom, an indispensable instrument of self direction. In defiance, therefore, of the prevailing trend, we raise the banner of 'ownership for all' and call on all who care for human liberty and dignity to follow.¹⁴

Alas, for Liberalism, Britain was no longer "a nation of shop keepers." The demise of individual proprietorship and the drive toward monopoly and centralization is more than a trend, it is inseparably bound up with capitalism--it is capitalism. The Socialist, rather than breaking up monopoly, would place it under the ownership and control of a people's Government, who, utilizing the economies of industrial centralization, would produce for use rather than restrict for profit. "There are great Liberal principles which are immortal," the official organ of the British Socialist Movement declared, "but we do not think that they can any longer sustain a great Party. They have been taken over by Labour, and strengthened and extended."¹⁵

Labor's extension of Liberal principles--Socialism--and its efforts to implement the same, we shall discuss in the next two chapters; after which we shall in some detail deal with the reflection of British Socialism in the field of international relations. Through the media of its spokesmen in Parliament and of its unofficial journal, The Manchester Guardian, some attention will be paid to the Liberal position in international politics--a position which did not differ substantially from that of Labor.

¹⁴Quoted in the Manchester Guardian, April 1, 1938.

¹⁵Editorial in the Daily Herald, May 1, 1936.

